

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Bank One, Peoria** prepared by the **Federal Reserve Bank of Chicago**, the institution's supervisory agency.

The evaluation represents the agency's current assessment and rating of the institution's CRA performance based on an examination conducted as of **June 24, 1996**. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977 (12 U. S. C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and (2) take that record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the Agencies to make public certain portions of their CRA performance assessments of financial institutions.

Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under 5 performance categories, as detailed in the following section of this evaluation.

ASSIGNMENT OF RATING

Identification of Ratings

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Substantial noncompliance in meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

DISCUSSION OF INSTITUTION'S PERFORMANCE

Institution's Rating:

This institution is rated "**outstanding**" based on the findings presented below.

COMMUNITY PROFILE

The bank is located in Peoria, Illinois, which is approximately 150 miles southwest of Chicago. The bank's delineated community is a rectangularly-shaped area that includes the Peoria Metropolitan Statistical Area (MSA). This area includes the Counties of Peoria, Tazewell and Woodford. The delineated community contains 96 census tracts, with a population of 339,172, based on the 1990 census data. The ethnic composition of the delineated community is 90.6% White, 7.4% Black, 1.0% Hispanic, 0.7% Asian, and 0.2% American Indian. In the delineated community, Peoria County has the largest population (182,827), with Tazewell County being the second largest (123,692).

According to the census data, 28 census tracts or 39% of the delineated community is considered low- and moderate-income. Of the 96 total census tracts, 9 or 9% are considered minority tracts. The median family income within the delineation is \$36,406. The community consists of approximately 136,458 households, with 87,992 or 64.5% owner-occupied units and 41,371 or 30.3% rental units. The median age of the housing stock is 44 years, while the median housing value is approximately \$49,303.

The local economy in the delineated area is diverse and expanding, following a downturn in the 1980's precipitated by a sharp reduction in manufacturing jobs, particularly at the area's dominant employer, Caterpillar Inc. Major employers in the area include: Caterpillar Inc., Saint Francis Medical Center, Methodist Medical Center, Peoria Public Schools, Central Illinois Light Company, Bradley University, Keystone Steel & Wire Company and Illinois Central College. According to the United States Bureau of Labor Statistics, the unemployment rates for Peoria, Tazewell and Woodford Counties were 6.3%, 6.7% and 6.3%, respectively as of April 1996. This compares to an unemployment rate of 5.2% for the State of Illinois.

BANK PROFILE

Bank One, Peoria had total assets of \$289 million as of March 31, 1996. The bank is a wholly-owned subsidiary of Banc One Illinois Corporation (BOIC), a multi-bank holding company which owns a total of seven banks in Illinois. BOIC is wholly owned by Banc One Corporation of Columbus, Ohio. Bank One, Peoria has its main office and three other full-service branches in Peoria County, and another branch in Tazewell County. The Tazewell County office, located in East Peoria, is operating within a retirement center and is not a full-service office. In addition, the bank has four deposit taking ATMs in the delineated area. The bank offers a wide variety of

credit products to its retail and small business customers, and remains a strong consumer lender. Loan products offered by the bank include residential construction, home improvement, home equity, consumer installment, single payment, agricultural and commercial loans. Mortgage services are handled through Banc One Mortgage Corporation, an affiliate of the bank through commonality of ownership by Banc One Illinois Corporation.

The bank continues to operate in a saturated market, with 49 banks, savings and loans, and credit unions operating 122 offices in the area. The bank's major competitors are Citizens Equity Federal Credit Union (CEFCU), a credit union of Caterpillar, Inc. and First of America Bank-Illinois, NA, both with over \$1 billion in assets. Other competitors include South Side Trust & Savings Bank and Commerce Bank.

ASSESSMENT OF RECORD

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

Assessment Factor (a) - Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.

Regulatory Expectation

The Statement of the Federal Financial Supervisory Agencies regarding the Community Reinvestment Act (Policy Statement) indicates that an effective CRA process must include methods to ascertain community credit needs on an ongoing basis through outreach efforts to local governments, businesses, and community members and organizations. This ascertainment effort should include a system that facilitates dialogue with these individuals and groups and enables them to communicate their concerns to an officer of the financial institution.

Scope and Findings

Various internal reports and committee minutes were reviewed to determine the level and effectiveness of the bank's ascertainment efforts. Interviews were conducted with the bank's designated CRA officer and community representatives in an effort to identify methods used to ascertain community credit needs. Results of the bank's ascertainment efforts were also reviewed.

To ensure that credit needs were effectively ascertained throughout the delineated community, the bank developed a Needs Ascertainment Plan. This plan establishes the bank's ascertainment efforts and mechanisms to ensure that feedback received from the community is acted on. During 1994, senior management's efforts were primarily process-oriented and senior management refocused its attention on utilizing a structured group approach. This Needs Ascertainment Committee actively participates with local organizations dedicated to community development. This group consists of senior bank staff who participate on boards of various organizations throughout Peoria. When needs are identified by members of this group, information is presented in weekly executive committee meetings. The executive committee attempts to formulate banking procedures that benefit both the bank and the community it serves.

Organizations are as follows:

- Riverfront Development Board. The board is currently planning to redevelop the Peoria Riverfront; this will create businesses and employment opportunities for area residents.
- Peoria Race Relations Committee. This group meets monthly to discuss race relation issues throughout Peoria.
- Heartland Community Development Board. Members of this organization include bankers, community leaders, and a venture capital firm.
- Small and Minority Business Board. This group provides business counseling and assistance to its members
- Tri-County Urban League Board of Directors. This organization focuses on job and educational opportunities for youth; it also addresses health, housing and welfare.
- Financial Institutions Community Reinvestment Act Counsel (FICRAC). Council members from various financial institutions meet periodically to discuss the needs of the community and ways to meet those needs.
- East Bluff Neighborhood Housing Service which focuses on affordable housing needs for low- and moderate-income individuals.

The bank's ascertainment efforts continue to include the Commercial Officer Call Program which was implemented to satisfy the needs of small, minority and female-owned businesses. Bank records reveal that periodically, members of management interview representatives from businesses throughout the delineated community to ascertain their current credit needs, including the availability of SBA loans. In addition, this program includes interviews with individuals representing local government, businesses, civic, religious, and neighborhood organizations. Calls made year-to-date 1996 total 351, with 220 to regular clients and 131 to prospective clients.

The bank also continues to conduct meetings with its Community Advisory Council that was established in 1993. Senior management and the CRA officer meet with members of the council periodically to determine how the bank can better serve its community. Council members include the president of Phoenix Business Association, a Peoria Councilwoman, manager of Neighborhood Development Organization, executive director of Upgrade Services Corporation, an affordable housing developer, a local member of the National Association of Women Business Owners, executive director of Peoria Housing Authority, president of Southside Development Corporation and six representatives of the bank.

The bank's board of directors continue to serve actively in projects and services designed to improve the bank's community. Some of the involvement enables the board to ascertain

community credit needs. Some of those organizations include:

- a board member of the Heartland Partnership and the Economic Development Council Executive Committee.
- a board member of the Peoria Chamber of Commerce.
- a board member of the Heartland Partnership, Economic Development Council Executive Committee and the Chamber of Commerce Riverfront Development Committee.
- a member of the Illinois Association of Realtors.
- a board member of the Peoria Area Community Foundation and University of Illinois School of Medicine Community Advisory Council
- a board member of the Peoria Area Community Foundation

Since the previous examination, the bank has conducted cold calls on potential customers in an effort to introduce the bank's products and services to noncustomers. The main products offered through this effort are home improvement and home equity loans. These telemarketing teams began performing calls throughout the Peoria area in February 1996. Since the program began, 2,618 calls have been made in the Peoria area, with 1,048 successful contacts. Of these 1,048 contacts, 79 or approximately 8% of the contacts resulted in loan applications.

As a result of current ascertainment efforts, management recognized the need to increase the bank's availability for services, educate the public concerning available bank products, and services and provide commercial loans to small, female-owned and minority-owned businesses.

Conclusions

The bank's performance continues to be strong based upon its extensive and varied activities to ascertain community credit needs. These activities include the utilization of the needs ascertainment committee, numerous organizational affiliations, outside call programs, and the community advisory council. The effectiveness of the ascertainment process is enhanced by management's regular reviews of the bank's CRA activities and regular reports to the board of directors, whose participation continues to be evident in the bank's overall CRA plan.

Assessment Factor (c) - The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

Regulatory Expectation

The Policy Statement states that banks are encouraged to develop a CRA plan to ensure an affirmative effort on the part of the bank to comply with the Act. It further states that the duty to coordinate and monitor the CRA process should be assigned to a senior officer or a committee charged with the responsibility to report periodically to the board of directors about the bank's CRA efforts, performance, and areas for improvement, where appropriate. An employee training program should be established which addresses information about those policies of the bank designed to help meet community credit needs including the needs of low- and moderate-income areas and small businesses. Procedures should be implemented to ensure that files are maintained, as required by the regulation, for purposes of receiving public comments and for reviewing and responding to the comments.

Regardless of how the bank organizes itself to implement its CRA plan, seeing that the institution has taken the steps necessary to help meet its community's credit needs is the responsibility of the entire organization, beginning with its board of directors and continuing through its line management. To be effective, a CRA plan must include methods to incorporate findings regarding community credit needs into the development of products and services that the bank decides to offer to help meet these needs.

The Policy Statement also states that the bank's CRA statement should accurately reflect the types of lending and other services that the bank is willing to offer to the community. This statement must be reviewed at least annually to ensure its accuracy. The services that the bank chooses to offer should be clearly articulated and reasonably related to community needs.

Scope and Findings

The bank's CRA Plan, CRA committee structure, minutes of the board of directors and CRA committee meetings, internal reports, self-assessment, and training programs were reviewed.

The bank adopted a CRA plan in 1994, and continues to update and review the plan annually, based upon changes within the community and the bank's activities and goals. At the April 1995 CRA committee meeting, the major points of the CRA plan were discussed. Since the previous examination, the board of directors appointed a CRA officer. The CRA officer is responsible for monitoring the bank's adherence to the provisions of the CRA plan, with the authority to implement changes. The CRA officer reports to the corporate CRA officer for the State of Illinois at least a quarterly, concerning the bank's CRA activities. The CRA officer also conducts CRA training for bank employees with assistance from the corporate CRA officer.

The CRA officer also reports to the bank's board of directors on a monthly basis. The CRA Committee is comprised of 12 bank employees, including the CEO and president, and senior officers from the loan department and operations areas of the bank. The committee reviews and monitors the bank's CRA activities on a monthly basis. The goal of the committee is to ensure that the bank is in compliance with the regulation and that the bank is adhering to the CRA plan. The committee is also responsible for reviewing changes in the law and community activities, in order to provide the bank with appropriate guidelines and directives regarding community reinvestment.

The CRA committee performs an annual self-assessment to measure the bank's CRA performance. This assessment is based upon the five CRA categories and twelve assessment factors, and the results are communicated to the CRA committee. The most recent assessment for the 1995 calendar year concluded that the bank's performance was outstanding overall.

The board of directors reviews and approves the bank's CRA statement, at least annually, to ensure its accuracy, as evidenced by the minutes of the April 24, 1996 board of director's meetings. Procedures have been implemented to ensure that files are maintained, as required by the regulation, for purposes of receiving public comments and for reviewing and responding to the comments.

Conclusions

The bank's performance is considered strong based on the board's oversight and guidance of the CRA program, the effectiveness of the CRA plan, appointment of a CRA officer and CRA committee, and self-assessment of CRA activities. The various monthly and quarterly reports have helped to monitor the bank's CRA performance, and procedures have been established to ensure documented evidence of the bank's compliance with the CRA.

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

Assessment Factor (b) - The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.

Regulatory Expectation

The Policy Statement indicates that an effective CRA plan should include marketing and advertising programs for lending products and services that are responsive to the needs of the community and that will inform and stimulate awareness of those products and services throughout the community, including low- and moderate-income areas.

Scope and Findings

Bank records, copies of advertisements and marketing-related documents were reviewed, and bank officers were interviewed to determine the extent and effectiveness of the bank's efforts to promote the availability of its credit products and services throughout its delineated community. In addition, individuals from the local community were interviewed to determine their familiarity with the products and services available from the bank.

The bank's marketing initiatives in 1995 included newspaper, radio, television, billboards and direct mail. Newspapers included the Peoria Journal Star, the Observer, and The Traveler Weekly. Products advertised through these three newspapers include home

equity loans and certificates of deposits directed towards low- and moderate-income individuals and minorities. Radio stations included WBGE, WGLO, WSWT, WWCT, WXCL and WMBO. Products advertised through these radio stations include home equity loans and affordable housing loans. Television included WEEK, WHOI, WMBD, WYZZ and local cable channels. Products advertised via television included home equity loans.

The bank also markets its products through statement stuffers, direct mail, internal telemarketing department, magazines, church bulletins, billboards, flyers, home shows, and seminars. In addition, the bank has used the Central Illinois Black Pages, a business directory that lists the phone numbers and addresses of African American-owned businesses. Other types of advertising include flyers in public housing developments, advertising the Smart Checking program; small business loan advertisements in a local business women's magazine, educational seminar for first time borrowers, the availability of affordable housing programs on an urban radio station, and the availability of credit cards on bus benches in low- and moderate-income areas.

Interviews with the CRA officer revealed the majority of the advertising comes from the corporate level. The effectiveness of the bank's marketing efforts are assessed by the holding company on a periodic basis. Overall, the majority of the bank's advertisements were for credit-related products and services involving residential real estate. The advertising mix utilized and type of media used appear reasonable; this is supported by the bank's loan to deposit ratio of 95.28% and an overall increase in loan originations [see Assessment Factor (i)]. The bank uses traditional media that are circulated throughout the delineated community.

Conclusions

The bank's marketing program is strong due to its diversity, the types of media utilized, the scope of the marketing efforts, and the fact that it addresses all geographic and demographic segments of the community. The bank utilizes both mass media and alternative advertising methods such as statement stuffers and billboards. The advertising mix is effective for informing the community of available credit products and services including low- and moderate-income areas.

Assessment Factor (i) - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.

Scope and Findings

A review of the bank's March 31, 1996 Consolidated Report of Condition revealed a loan-to-deposit ratio of 95.28%. The distribution by loan type was as follows:

	DOLLAR	PERCENT OF

LOAN TYPE	AMOUNT OUTSTANDING (000's)	TOTAL LOANS
REAL ESTATE		
Construction	5,318	2.79
Residential (1-4)	15,230	7.99
Open End Home Equity	28,216	14.80
Commercial	40,847	21.43
Agricultural	451	.24
CONSUMER		
All Other	68,725	36.05
COMMERCIAL AND INDUSTRIAL	28,484	14.94
AGRICULTURAL	55	.03
STATE AND POLITICAL OBLIGATIONS	1,990	1.04
OTHER	1,330	.70

The bank is primarily active in consumer, commercial, and open end home equity products. Based upon a comparison of the bank's loan distribution with information contained in the previous report of examination, March 31, 1994, the loan-to-deposit ratio has remained high and has slightly increased from 94.09%.

Overall, total loans increased, by approximately \$3.2 million or 1.7%. Among real estate products, home equity lines of credit experienced the largest change, increasing by approximately \$23.3 million or 480%. The bank's ascertainment efforts identified lines of credit as a community credit need, and management directed special marketing activities to increase the community's awareness of the availability of this product. The bank offers up to 100% financing with its home equity products. This allows new home buyers and others with limited equity to take advantage of the lower interest rates and tax deductibility of interest.

According to the Uniform Bank Performance Report (UBPR), dated March 31, 1996, the bank's performance compared to peer is illustrated in the following chart.

LOAN TYPE	BANK AVERAGE LOAN MIX (%)	PEER AVERAGE LOAN MIX (%)
REAL ESTATE LOANS		
Construction/Development	2.61	4.64
1 - 4 Family Residential	21.48	28.59
Home Equity	13.36	2.21
Other Real Estate	22.66	26.06
Farmland	0.24	0.45
Multi-family	1.70	1.37
Commercial	20.71	22.45
TOTAL REAL ESTATE LOANS	46.74	64.96
LOANS TO INDIVIDUALS	36.65	11.50
CREDIT CARD LOANS	3.19	0.48
COMMERCIAL & INDUSTRIAL LOANS	15.07	16.83
AGRICULTURAL LOANS	0.06	0.22
MUNICIPAL LOANS	0.77	0.21
OTHER LOANS*	0.40	0.24
*Excludes Financial Institution Loans, Acceptances of Other Banks, Foreign Office Loans and Leases, and Lease Financing Receivables		

BANK NET LOAN/LEASE TO DEPOSIT RATIO	PEER NET LOAN/LEASE TO DEPOSIT RATIO
95.28%	68.35%

Total real estate loans are below peer; discussions with management indicated that the lower level of real estate lending is primarily attributable to the fact that applications for 1-4 family purchase money and refinancing loans are referred to Banc One Mortgage Corporation (BOMC), an affiliate of the Banc One Illinois Corporation. Credit card lending and loans to individuals exceed peer, due to the increased bank focus on consumer loans. The composition of all other loan products is relatively consistent with peer. Also noted is the bank's high loan to deposit ratio compared to that of the peer.

The bank participates in indirect lending through Bank One, Wisconsin, National Association, Milwaukee, Wisconsin. Loans originated in the Peoria area by the affiliate are sold to the bank. Additionally, the bank solicits loan referrals from home improvement contractors through its officer call program.

The bank continues to participate in the Affordable Housing Lender Program with its mortgage affiliate BOMC, which makes low dollar loans to residents in the delineated community. Under the program, an affordable housing lender/loan officer is dedicated to the Peoria area community to originate loans for BOMC. The loan officer's compensation is based on the number of loans originated versus a percentage of the loan amount. Therefore, small loan amounts are not discouraged. Since the previous examination, the bank has referred approximately 60 loans, including Federal Housing Administration (FHA), Veterans Administration (VA), Fannie Mae Community Homebuyer, downpayment assistance and HomeStart loans.

The bank has also implemented a loan by phone service which permits consumers to apply for credit 24 hours a day, seven days a week. Utilizing a toll-free phone number provides a 30-minute response to consumer applications. Walk-in customers can utilize this service at a designated desk at the bank's main office and branches. These calls are received and processed at the bank's regional loan processing center in Milwaukee, Wisconsin.

Conclusions

The bank's lending levels are considered more than adequate in relation to the bank's resources and reflect a general responsiveness to community credit needs. Loan activity has increased since the previous examination. Additionally, the programs and types of products offered/provided reveal the bank's commitment to meet the community's credit needs.

Assessment Factor (j) - The institution's participation in governmentally insured, guaranteed or subsidized loan programs for housing, small business or small farms.

Scope and Findings

A review of the bank's participation in government loan programs was conducted to determine the extent of its government-related lending activity since the previous examination, and to assess the responsiveness of available loan programs to the needs of the delineated community.

The following chart summarizes the bank's activity in government sponsored loan programs as of March 31, 1996.

PROGRAM	OUTSTANDING		SINCE PREVIOUS EXAMINATION	
	NUMBER	AMOUNT	NUMBER	AMOUNT
FHA	9	\$ 415,636	9	\$ 409,659
VA	6	345,942	7	423,362
Small Business Administration (SBA)	7	1,164,949	4	770,743
Illinois Housing Development Authority (IHDA)	1	24,700	1	24,700
Farmers Home Administration (FmHA)	0	0	8	232,107
Mortgage Credit Certificate Program (MCC)	192	4,542,935	95	2,834,579
Rental Rehabilitation	77	794,901	48	406,993
Student	223	771,388	109	328,1161

As the preceding chart illustrates, the bank participated directly and indirectly through referrals to affiliates, in a variety of government-insured or subsidized loan programs. Since the previous examination, the bank has added FmHA loans to its government programs in order to increase its agricultural lending activities.

Bank One, Peoria is the local administrator of the MCC in conjunction with the City of Peoria. The holder of a mortgage certificate can receive a tax credit of 50% of first mortgage interest up to \$2,000. The bank is also the local administrator of the Rental Rehabilitation Program in conjunction with the City of Peoria. The City of Peoria allocates community development block grant funds for this program and the bank loans these funds to landlords with rental property that is in need of repair. In order to qualify, these rental properties must be located in low-and moderate-income areas. The interest rate on these rental rehab loans can be as low as 3% and credit underwriting standards are more flexible.

Conclusions

The bank's participation in government-insured, guaranteed or subsidized loan programs for housing, small businesses and small farms is more than adequate considering the bank's size and resources. The bank's performance with government programs is consistent with the credit needs within its community.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Regulatory Expectation

Reasonableness of Community Delineation

The regulation requires state member banks to prepare, and at least annually review, a delineation of the local community or communities that comprise its entire community, without excluding low- and moderate-income neighborhoods. Maps are required to be used to portray community delineations. The regulation requires Federal Reserve System examiners to review the reasonableness of the delineations.

The regulation states that a local community shall consist of the contiguous areas surrounding each office or groups of offices, including any low- and moderate-income neighborhoods in those areas. In preparing its delineation, a bank may use any one of the three methods, as stipulated in the regulation: (1) existing boundaries, such as those of a Metropolitan Statistical Area or counties in which the bank's office or offices are located; (2) the bank's effective lending territory, which is defined as that local area or areas where it makes a substantial portion of its loans and all other areas equidistant from its offices; or (3) any other reasonably delineated local area that meets the purposes of CRA and does not exclude low- and moderate-income areas.

Scope and Findings

A review was performed of the bank's delineated community for reasonableness, with respect to the geographic distribution of credit products. The bank's 1994 and 1995 Home Mortgage Disclosure Act (HMDA) data was utilized in this review. Additionally, the minutes of board of directors meetings were reviewed to determine if an annual review of the bank's delineation occurred and the results of the review.

As discussed in the community profile, the bank has defined its community as a somewhat rectangular area that encompasses the Peoria Metropolitan Statistical Area (MSA). This method of delineation is consistent with method number one described above. The delineation does not arbitrarily exclude any neighborhoods or census tracts that the bank could reasonably be expected to serve. The bank reviews its delineation annually, as evidenced by the minutes of the April 24, 1996 board of directors meeting.

A review of the bank's HMDA data and a sample of loans selected during the examination reveal that the majority of the bank's lending activity is within its delineated community. This further supports the reasonableness of the delineated community.

Conclusions

The bank's delineated community is reasonable and does not exclude any low- and moderate-income areas. The board of directors review and approve the bank's delineation on an annual basis.

Assessment Factor (e) - The geographic distribution of the institution's credit extensions, credit applications and credit denials.

Regulatory Expectation

The Policy Statement states that the services that the bank chooses to offer should be distributed within the bank's community in a fair and nondiscriminatory manner, in keeping with the bank's general approach to its business.

Scope and Findings

The examination sample of approved and denied credit applications, as well as the bank's 1994 and 1995 HMDA data, were analyzed for geographic distribution of credit within the delineated community. In addition, the bank's internal review of its geographic distribution of credit products was also reviewed.

The following chart illustrates the proportion of the bank's 1995 real estate mortgage lending activity inside and outside of the delineated community:

1995 Total HMDA Lending by Bank One, Peoria							
Loan Type	# of Apps	# of Origs	Orig Rate	% of Origs	Origs \$ (000)	# of Denials	Denial (*) Rate
Conventional	22	18	81.82	3.65	674	2	9.09
Refinancing	15	8	53.33	1.62	170	4	26.67
Home Impr.	759	467	61.53	94.73	3,838	233	30.70
Total	796	493	61.93		4,682	239	30.03

Bank One, Peoria's Activity Inside its Delineation							
Loan Type	# of Apps	# of Origs	Orig Rate	% of Loan within delineation	Origs \$ (000)	# of Denials	Denial Rate
Conventional	20	17	85.00	94.44	669	1	5.00
Refinancing	12	6	50.00	75.00	156	3	25.00
Home Impr.	595	372	62.52	79.66	3,226	172	28.91
Total	627	395	63.00	80.12	4,051	176	28.07
% Total	78.77	80.12			86.52	73.64	

Bank One, Peoria-s Activity Outside its Delineation							
Loan Type	# of Apps	# of Origs	Orig Rate	% of Loan outside delineation	Origs \$ (000)	# of Denials	Denial Rate
Conventional	2	1	50.00	5.56	5	1	50.00
Refinancing	3	2	66.67	25.00	14	1	33.33
Home Impr.	164	95	57.93	20.34	612	61	37.20
Total	169	98	57.99	19.88	631	63	37.28
% Total	21.23	19.88			13.48	26.36	

(*) Denial rate is based on application by loan product.

The majority of the bank-s 1995 HMDA applications and originations, 78.77% and 80.12%, respectively, continues to be within the delineated community. Home improvement loans dominated the bank-s 1995 HMDA activity, accounting for 95% of the applications and 94% of the originations; the remaining activity was distributed between conventional and refinancings. Management indicated that applicants seeking conventional and refinancings of mortgage loans are referred to BOMC.

The following chart details 1995 HMDA lending activity in low- and moderate-income census tracts:

Bank One, Peoria-s 1995 HMDA Activity in Census Tracts Located in Delineation Using 1990 Census Tract Definitions for MSA 6120					
	# of Census Tracts	% of Total Tracts	# of Tracts With Bank Activity	% of Bank-s Total Activity	% of Tracts With Activity
Low- & Moderate	28	30.44	26	29.55	92.86
Minority	8	8.70	7	7.95	87.50
Total Tracts	92		88		95.65

As the preceding chart illustrates, 95.65% of the low-and moderate-income and minority census tracts reported activity.

Analysis of the examination sample of loans and rejected applications revealed the following geographic distribution:

LOAN TYPE	TOTAL SAMPLED	WITHIN THE LOCAL DELINEATED COMMUNITY	PERCENT OF TOTAL
Overdraft Protection	20	20	100
Single Payment	10	10	100
Construction	9	8	89
Lines of Credit	10	6	60
Commercial	20	11	55
Installment	20	19	95
Home Equity Loans	28	26	93
Total Approved	117	100	85
Total Denied Applications	80	68	85
Grand Total	197	168	85

The bank monitors the geographic distribution of its approved and denied credit applications on a quarterly basis. Bank records indicated that approximately 86% of the bank's consumer loan portfolio as of December 1995, were originations to households within the bank's delineation. The holding company also assesses the bank's consumer lending activity. These assessments allow the bank to determine whether there are any disparities in its lending patterns. No unusual lending patterns were detected.

Conclusions

The bank's geographic distribution of credit applications and originations is considered more than adequate, based upon the distribution of loan applications and originations within the delineated community. The penetration in low- and moderate-income census tracts is strong, the geographic distribution monitoring program is comprehensive enough to maintain a strong performance in this category.

Assessment Factor (g) - The institution's record of opening and closing offices and providing services at offices.

Scope and Findings

Bank office and ATM locations, hours of operation, and delivery of services were reviewed to assess the accessibility of banking to the delineated community. Members of the community were also interviewed to determine the accessibility of the bank's facilities.

Bank One, Peoria's main office and three other full-service branches are located in Peoria County, with another branch in Tazewell County. This Tazewell County office, located in

East Peoria, operates within a retirement center and is not a full-service office. In addition, the bank has four deposit taking ATMs in the market area. The bank has not closed any offices or changed hours of operations since the previous examination. The bank has adopted a branch opening and closing policy that contains appropriate provisions for notice, an impact analysis on the local community, and measures to minimize any adverse effects of a branch closing.

Conclusions

Bank facilities provide an exceptional level of service to the entire delineated community, through its branches and ATMs.

IV. DISCRIMINATION OR OTHER ILLEGAL CREDIT PRACTICES

Assessment Factor (d) - Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement(s).

Scope and Findings

The bank's CRA statement indicates that the following types of credit are available to members of its community:

Direct Secured Installment Loans
Direct Unsecured Installment Loans
Home Equity Lines of Credit
Home Equity Installment Loans
Indirect Installment Loans
Indirect Home Improvement Loans
Student Education Loans (1)
Overdraft Lines of Credit
Credit Cards (1)
Raw and Residential Land Acquisition Loans
Commercial Land Development Loans
Construction Loans
Working Capital Lines of Credit
Consumer Leasing (2)
Residential Loans (1-4 Family) (3)

(1) Available through referrals to Bank One, Springfield

(2) Available through Banc One Leasing Corporation

(3) Available through referrals to Banc Once Mortgage Corporation

In addition to the preceding credit products, the bank is also involved in government lending programs.

Conclusions

The bank offers and extends credit, by general type, consistent with its CRA statement. A review of the loans sampled during the examination indicates that the bank has made loans in accordance with its stated policy. No practices intended to discourage applications for credit products listed in the CRA statement were detected.

Assessment Factor (f) - Evidence of prohibited discriminatory or other illegal credit practices.**Scope and Findings**

Recently approved and denied applications for installment, single payment, overdraft protection, home equity, credit cards, commercial and construction loans were reviewed for compliance with the applicable fair housing and fair lending laws and regulations. The bank's loan forms, policy and procedures were reviewed, and loan officers were interviewed.

The bank has implemented a second review process for all denied loan applications, which is performed by designated loan officers. Monthly reports of this activity are generated for the bank's CRA Committee. The review is performed to ensure consistency between the bank's credit policies and underwriting guidelines, and to ensure that all creditworthy applicants, including low- and moderate-income individuals and members of protected classes, are evaluated consistent with bank policies and procedures.

A review of the bank's 1995 HMDA-related loan applications and originations, compared to the population of the delineation revealed that the bank has received applications and originated loans, consistent with the racial/national origin composition of the community. It was noted that the composition of the delineated community is 90.6% White, 7.4% Black, 1.0% Hispanic, .7% Asian, and .2% American Indian. The percentage of loan originations from White applicants totaled approximately 92%, with the largest ethnic population, Blacks having approximately 7% of total originations. Further review of the HMDA data also revealed that while low- and moderate-income individuals comprise approximately 19.23% of the bank's delineated community, 39.53% of its 1995 HMDA originations were to these residents.

The bank has provided fair lending training and diversity training to all employees, particularly those who come in contact with customers. This training is ongoing and is provided at the holding company level. The bank's compliance officer assists in the training on an as needed basis.

The bank is in compliance with the substantive provisions of the fair housing and fair lending laws, including the Fair Housing and the Equal Credit Opportunity Acts.

Conclusions

The bank's performance is considered very strong, based upon its record of loan originations across racial/national origin lines, lending to low- and moderate-income individuals, second review process, and fair lending training for lending personnel.

V. COMMUNITY DEVELOPMENT

Assessment Factor (h) - The institution's participation, including investments, in local community development or redevelopment projects or programs.

Scope and Findings

The bank's loan and investment portfolios, as well as the bank's participation in and knowledge of, development activities within the community were reviewed. Bank involvement in the community, general lending activities and charitable donations were also reviewed. Interviews were conducted with individuals knowledgeable about community development opportunities.

Bank personnel and directors are very active in the Peoria Community; they provide leadership in many key initiatives that focus on community development. Bank personnel make presentations to community organizations, conduct seminars on affordable housing, participate in home shows, conduct banking classes, and conduct mortgage lending workshops in an effort to increase community awareness of the bank's credit-related products.

Bank One, Peoria committed \$25,000 to a local community development corporation (CDC) to provide equity financing to new and troubled businesses. The CDC assists businesses that have not been able to obtain conventional financing. The bank also has a \$100,000 investment in the Illinois Equity Fund, which assists developers of low-to moderate-income housing with tax credits.

The bank makes business referrals to Banc One Capital Corporation for investments in bond issues. Approximately four referrals have been made since the previous examination for a total of \$11.5 million in investments.

The bank also tries to fulfill its community development responsibilities through contributions to local organizations and groups. Since the previous examination, charitable contributions totaled approximately \$187,226.

Conclusions

The bank's community development activities are considered adequate. Management is aware of opportunities for involvement in community development and redevelopment programs and has positioned the bank to participate in such projects. The board and senior management have established relationships with community representatives to identify projects and programs in which the bank should participate.

Assessment Factor (k) - The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions and other factors.

There are no apparent factors relating to the bank's financial condition and size, or local economic conditions that would prevent the bank from meeting community credit needs.

Assessment Factor (l) - Any other factors that, in the regulatory authority's judgement, reasonably bear upon the credit needs of its entire community.

None.